GOVERNMENT OF INDIA
DISINVESTMENT
LOK SABHA

UNSTARRED QUESTION NO:5315
ANSWERED ON:22.12.2000
DISINVESTMENT OF BALCO LTD.
DAHYA BHAI V. PATEL;JAYASHREE BANERJEE

Will the Minister of DISINVESTMENT be pleased to state:

(a) whether the attention of the Government has been drawn to the news-item captioned `Cash starved Government sells a cash rich PSU` appearing in `Times of India` on November 12, 2000; and

(b) if so, the facts in this regard and the justification for disinvesting a profit-making, dividend-paying concern with an impressive cash surplus of Rs.437 crore?

Answer

Minister of State (Independent charge) of the Department of Disinvestment, Minister of State in the Ministries of Planning, Statistics & Programme Implementation and Minister of State in the Department of Administrative Reforms and Public Grievances (Shri Arun Shourie)

(a) Yes, Sir. The news item related to the Bharat Aluminium Company (BALCO).

(b) Disinvestment Commission categorised BALCO as `non-core` and recommended its disinvestment. Thereafter , the decision to disinvest Government of India equity in BALCO in favour of a strategic partner was taken in March 1999. This is in accordance with the declared policy of the Government to bring down the Government held equity in non-strategic Public Sector Undertakings to 26% or below in the generality of cases. The aluminum sector already has adequate competition due to the presence of private players. As such, profitability of BALCO cannot be held as a justification against its disinvestment.